

Albano Stock Transfer Services Hong Kong on a First Lesson on Stock Investing



As a novice investor, you will receive a lot of confusing and even conflicting advices on how to invest your precious money.

Ignoring most of those well-intentioned advices and educating yourself with the valuable practices of investors who successfully built their wealth not just for a few days, months, or quarters but for many years, will favor your success. Read as many books as you can in the area of value investing.

From such books, the common theme that stands out is that to become a successful investor you must look at buying stocks as investing in businesses; for in essence, that is what it really is. Businesses are launched through the use of funds from some form of private or venture-capital money. Once it reaches a certain size, its management might decide to raise capital from public markets to pay off the original financial supporters and to enhance business growth. The company does this by issuing shares to the public through the process of an Initial Public Offering, giving these shares ticker symbols such as DVR or MORN. From there on, they begin trading on the exchanges, such as the New York Stock Exchange or NASDAQ. These stock exchanges enable stock owners to buy and sell their ownership shares in companies, hence, the investment term “trading”.

Buying and selling private businesses can be quite cumbersome; however, stocks of publicly-traded firms can be traded with just a click of a mouse. Although this convenience and liquidity can benefit investors who get easy access to cash, it can eventually tempt investors to turn into speculators or, worse, gamblers.

To give an example: If you owned a thriving business, would you sell your business like you were selling an old car? Probably not. In fact, you might keep your business for years, if not for the rest of your life and even pass it on to your children who will enjoy the rewards of owning the profitable business. However, since stock exchanges enable investors to trade in a matter of seconds, this often turns them into opportunistic investors who neglect the realities of the business and, as a result, think of nothing else but how to make a killing in the stock market. Subsequently, they readily abandon their ownership any time adverse news about the company is reported. On the other hand, an individual business-owner will never bail out by selling the

business merely because the government increased interest rates or China's GDP went down drastically.

In order to succeed in investing, you have to look at yourself as not just a buyer of stocks but part owner or a virtual participant in the companies that these stocks symbolize. But there is more to it than meets the eye. For instance, a Lexus is not an ordinary car any one can buy and own. Neither would you buy it for any price. Based on the year model, you would pay what you think its value is. So it is with businesses – they also have values. If a business, say Acme, makes a higher profit than another business, say Buttons, Acme obviously has a higher value than Buttons. Hence, you would not pay above a price which represents the value of either company. This is because when you need to sell, for whatever reason there is, it would be difficult to find another gullible person who will pay more than you for your business.

Nevertheless, this logic is more often neglected than followed by most investors. People get excited when stock prices go up and get depressed when they go down. And when they are in a high state, they tend to buy businesses when prices are high; and they turn sad when the same businesses are cheaper. It is difficult to accept that investing can be such an illogical world.

[The secret to successful investing](#) is quite simple: you are buying not just stocks but businesses; buy them to become an owner then; buy them at the most sensible price; and give time for your investment to grow. As simple and stress-free as that! Yet, to some, it appears too simple. The investment industry will certainly not follow this approach because how else would most investment experts justify their asking exorbitant fees in comparison to its horrible investment performance?